

Message Text

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ORIGIN XMB-04

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WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

NEA/INS:RMORLEY (INFO)

EB/ODF:RSWART

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

UNCLAS STATE 066255

E.O. 11652: NA

TAGS: APUB, IN

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO INDIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 5 MILLION TO INDIAN AIRLINES OF NEW DELHI. RELEASE IS SCHEDULED FOR ANNOUNCE HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, APRIL 4, 1975.

QUOTE: EXPORT-IMPORT BANK CREDIT OF DOLS 5 MILLION SUPPORTS
DOLS 12.5 MILLION SALE OF U.S. JET AIRCRAFT TO INDIAN
AIRLINES

TO HELP FINANCE A DOLS 12.5 MILLION SALE OF TWO 737 JET
AIRCRAFT WITH RELATED GOODS AND SERVICES TO INDIAN AIRLINES OF
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NEW DELHI, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK

OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 5 MILLION TO FINANCE 40 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF DOLS 6,250,000 FROM MANUFACTURERS HANOVER TRUST COMPANY OF NEW YORK, WILL FINANCE 50 PERCENT OF THE U.S. COSTS, AND THE OBLIGOR WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR DOLS 1,250,000.

THE AIRCRAFT WILL BE USED ON INDIAN AIRLINES' HEAVILY TRAVELLED DOMESTIC ROUTES AND ON A FEW REGIONAL ROUTES OUTSIDE INDIA, SUCH AS SRI LANKA, BURMA, NEPAL AND BANGLADESH.

IT IS EXPECTED THAT DELIVERY OF THE AIRCRAFT WILL BE MADE BY THE BOEING COMPANY OF SEATTLE, WASHINGTON, IN OCTOBER AND NOVEMBER 1975.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING MAY 25, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 5 MILLION WILL BE REPAID OUT OF A PORTION OF THE 12TH INSTALLMENT AND THE LAST 8 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.47 PERCENT TO 9.72 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY THE GOVERNMENT OF INDIA. UNQUOTE
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